

SECURITY



Dec 26, 2017 | **Cindy Wang** (<https://news.bitcoin.com/author/cindy/>) |

Chinese Programmer Arrested Over ¥20 Million Bitcoin Theft

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BTC/USD

BCH/USD

ETH/USD

LTC/USD

XRP/USD

ZEC/USD

DOGE/USD

MCO/USD

NEM/USD

VTC/USD

WBT/USD

XMR/USD

YAC/USD

ZCL/USD

ZRX/USD

ZWT/USD

ZXT/USD

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ZYT/USD

ZYT/USD

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The news channel of China Central Television, CCTV13, reported (<http://news.cctv.com/2017/12/23/ARTIJWcoMH614NCUsSw9O0D9171223.shtml>) this weekend that the Zhongyuan Oil Field Public Security Bureau of Henan Province (Henan

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188 BTC Gone



According to an incident report filed on July 27, a Henan resident surnamed Wu stated that he lost 188.31 bitcoins, valued at over 3.4 million CNY at the time. Wu is said to be a professional investor who stepped into the new digital currency world in 2016. In early 2017, he was invited into a group of bitcoiners on Wechat, a popular Chinese messenger app.

Wu told the police that the group's moderator, named Dai, often shared links to news about crypto exchanges being hacked to warn group members how dangerous it is to keep coins on exchanges. Wu gradually began to show his concerns, and added Dai as a friend for the safety suggestions. That's where his nightmare began. The moderator sent Wu an application to generate a new bitcoin wallet address. The victim downloaded the application, and transferred all of his 188.31 BTC into the new address.

when he returned home from a trip. Wu immediately told Dai about the incident and demanded to meet the moderator in person, but was rejected. Instead, Dai transferred ¥120,000 to console the victim:



"I feel sorry for you. After all, I recommended you the wallet. Let me pay you 120,000 yuan as a gesture of good will."

This had prompted Wu to call police as he thought no innocent person would give such a large amount of money just to console a stranger.



Arrest, Confession

The police identified group moderator Dai as a suspect when the preliminary investigation was completed. On August 9 Dai was arrested in Shanghai in cooperation with Henan authorities, with police seizing multiple laptops and 27 credit cards from his room. On one

During a police interrogation, Dai admitted his crime. It turned out that Dai was a programmer. He would crack a genuine bitcoin wallet, writing a small program that automatically transmits users' account names and passwords. Once someone downloads and sends bitcoin into the wallet, Dai would simply transfer the assets into his own wallet, and sell them on exchanges right away. The criminal has committed three separate thefts in such a way, involving over ¥ 20 million (about 3 million USD). At present, the police have accessed and freed Dai's bank accounts with \$2 million recovered.



Bull Market = More Security Issues

Group moderator Dai will get what he deserves, but he was at least right about one thing: it is unsafe to keep coins on exchanges.

According to a post at 8btc (<http://8btc.com/forum.php?mod=viewthread&tid=119691&pid=976615&page=1&extra=&wapShare=weixin&from=groupmessage&isappinstalled=0>), A crypto investor this Saturday found that he lost 38.8 LTC, 2 ETH and 2,003 USDT at Huobi.pro exchange. As if it wasn't strange enough, the user noticed that there was no trading history on the exchange. He reached customer service and was told that it was a technical problem which should be solved in 24 hours. But the next day Huobi.pro told him it was not a technical problem and that the user himself shall bear the responsibility for the loss because he didn't enable Google 2-step verification. Curious, because if that was the case, why was there no record of a trading history? Huobi.pro so far has replied that there would be no compensation to the client and suggested that they let police deal with the incident.

Another one of the big three exchanges, Okex, has also witnessed a couple of safety incidents one after the other since China's ICO ban in September. China Finance Information (<http://www.cfi.net.cn/p20171002000004.html>) reported that nine bitcoiners lost 600 BTC in total this October. A victim surnamed Wang lost 5 million CNY worth of

refuse to help recover something “unreal”. And when Wang turned to popular media services in the industry, they simply told the victim that they didn’t want to “mess with” OKex. As a result, he could only reach out to traditional media such as Tuoniao (<http://www.tuoniao.fm/p/17497.html>) and Cfi.cn (<http://www.cfi.net.cn/p20171002000004.html>) and ZAKER (<http://www.tuoniao.fm/p/17497.html>) to report details of his loss.

Do you have a clue why cryptocurrency safety incidents are on the rise in China? Leave your comments below!

Images courtesy of Shutterstock, CCTV13.

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Cindy is a cryptocurrency journalist who has been focusing on the Chinese community. She finds it fascinating to be part of the industry and hopes to see the world change for the better.